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DE RUEHVJ #0529/01 0811531
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FM AMEMBASSY SARAJEVO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8087
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE
RUEHNO/USMISSION USNATO IMMEDIATE 0230
RUEKJCS/SECDEF WASHDC IMMEDIATE
RUEKJCS/JOINT STAFF WASHDC IMMEDIATE
RUEAIIA/CIA WASHINGTON DC IMMEDIATE
RHEFDIA/DIA WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000529

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DEPT FOR EUR (DICARLO), EUR/SCE (HOH, SILBERSTEIN, SAINZ,
FOOKS), EUR/RPM
DEFENSE FOR FATA, BEIN
NSC FOR BRAUN

E.O. 12958: DECL: 03/21/2018
TAGS: [PGOV](#) [PREL](#) [MARR](#) [PINR](#) [BK](#)
SUBJECT: BOSNIA- RS APPROVES MOVABLE DEFENSE PROPERTY
AGREEMENT, SIGNING CEREMONY TENTATIVELY SET

REF: A. SARAJEVO 307
[1](#)B. SARAJEVO 246
[1](#)C. SARAJEVO 162
[1](#)D. SARAJEVO 150
[1](#)E. SARAJEVO 129

Classified By: Ambassador Charles English for reasons 1.4 (b) and (d)

SUMMARY

[1](#)1. (C) After intense discussions with the Ambassador, Republika Srpska (RS) Prime Minister Milorad Dodik agreed to have the RS government approve the agreement on movable defense property that transfers ownership of all arms, ammunition and explosives from the entities to the state. Dodik has been blocking the agreement, which is crucial for the maintenance of a safe and secure environment in Bosnia and for the success of Bosnian defense reform, for months. The RS government decision is a breakthrough, but considering Dodik's history of backing out of clear commitments on the agreement, we will not consider this process complete until Prime Ministers Spiric, Brankovic and Dodik sign the agreement next week. Dodik has indicated that he will not personally sign, but instead will authorize the RS Minister of Trade and Tourism to do so on his behalf. Our engagement in securing RS government approval of the agreement highlights that in dealing with Dodik, it is imperative to remain firm and forceful on matters of critical importance to USG interests. End Summary

RS APPROVES AGREEMENT, SIGNING NEXT WEEK

[1](#)2. (C) Shortly before midnight on March 19, the Government of Republika Srpska faxed us a formal RS government conclusion that accepted the transfer agreement on movable defense property as drafted. Conclusion of this agreement, which transfers the ownership of all arms, ammunition and explosives from the entities to the state, remains one of the key outstanding elements of defense reform and the failure to finalize this process had impeded the further development of the Armed Forces and Ministry of Defense. In a phone call with the Ambassador on March 20, Dodik confirmed that his government now fully supported the agreement and that no further action from Banja Luka was required before formal signing of the agreement by the RS. The Council of Ministers

and Federation government had previously approved the agreement (reftel A), and Prime Minister Spiric and Federation Prime Minister Brankovic told the Ambassador that they were prepared to sign it with Dodik next week. We are currently working with Prime Minister Spiric's office to arrange the signing ceremony at an ammunition destruction facility in Doboij on March 27. (Note. Dodik's Chief of Staff told us that the RS Minister of Tourism and Trade would likely sign on Dodik's behalf. End Note.)

MARCH 14: ANOTHER PROMISE FROM DODIK

13. (C) Securing Prime Minister Dodik's approval proved an arduous process. Dodik had backed out of a deal to finalize the agreement in early February (reftel B) and had since refused to budge from his position that the agreement needed to be amended to meet "RS concerns" that frequently changed. The Ambassador met with Dodik over lunch on March 14, and told the Prime Minister that failure to conclude the transfer agreement would prevent NATO from delivering a positive assessment of Bosnia at the Bucharest Summit. The Ambassador reminded Dodik that the onus for approving the agreement now rested solely on the RS, and the US would hold Dodik and the RS solely responsible for blocking Bosnia's progress towards NATO membership if Dodik continued to obstruct the agreement.

14. (C) Dodik pledged once again to accept the agreement "without amendment," but told the Ambassador that in order to secure RS government approval of the text, he required the Ministry of Defense (MOD) to develop a book of rules governing the commissions for the disposal of surplus arms, ammunition and explosives. He explained that he wanted the

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book of rules to explicitly guarantee the participation of RS representatives in the commission and that their views would be taken into account. The Ambassador agreed to take the matter up with Defense Minister Cikotic, and requested that Dodik submit to him both a written understanding of their conversation and proposed language the MOD book of rules. Dodik agreed to provide the Ambassador with the information no later than March 18.

MARCH 18: BEGINNING TO BACK AWAY

15. (C) The Ambassador called Dodik on March 18 and reminded him of his commitment to provide the proposed language for the MOD book of rules and written understanding of the way ahead. Dodik again pledged to have the materials to the Ambassador that day, and said that he fully understood that no further amendments to the agreement were possible and that any RS participation in the disposal commissions would not include a formalized role or veto in the decision-making process. Dodik again promised to secure RS government approval that week, and sign the agreement before the Bucharest Summit. By close of business, Dodik had not provided the documents and his Chief of Staff told us that the Prime Minister was "working at home" and would send them first thing the following morning.

MARCH 19: ANOTHER BRAZEN CHALLENGE

16. (C) In the morning of March 19, the RS Government sent a fax to the Embassy that included a formal RS government decision on the movable property agreement that was signed by Dodik and dated March 13 (the day before the Ambassador and Dodik met for lunch). The government decision, which was not published on the RS government's agenda for its March 13 session, contained five points on the transfer agreement, each of which would have required separate amendments to the agreement. Particularly disturbing was the fact that the decision asserted entity ownership over non-surplus arms, ammunition and explosives and allowed for an RS veto over

decisions on the disposal of surplus items. We conferred with our colleagues from NATO HQ on the RS decision, and concluded that it was a regressive proposal and entirely unacceptable.

DODIK BACKS DOWN

17. (C) The Ambassador called Dodik the afternoon of March 19 to raise strong objections to both the RS government decision and the continued duplicitous manner by which Dodik was engaging on the agreement. The Ambassador told Dodik that he was treating the United States and NATO "with contempt," and reminded Dodik that he had in past two months pronounced the agreement acceptable on three separate occasions only to subsequently advance new proposals that undermined the basic principle that the state would own all military arms, ammunition and explosives. The Ambassador informed Dodik that left him no choice but to report back to Washington that the RS Prime Minister had reneged on his earlier commitments and was standing in the way of Bosnia's further integration into NATO. Dodik quickly back-tracked, describing the RS government decision as a "misunderstanding." Dodik then tried to explain the decision. The Ambassador replied that the decision was unacceptable because it violated fundamental principles to which Dodik had already agreed. Either the RS reversed itself and issued a new decision, or there would be consequences, the Ambassador said. Dodik finally relented and asked the Embassy to draft acceptable language for the decision and a letter from Dodik to the Ambassador acknowledging that the Embassy would engage with the MOD on the book of rule. The Ambassador agreed, and the documents, the new RS government decision and letter both signed by Dodik (referenced above), were faxed to us that night.

COMMENT: BREAKTHROUGH, BUT NOT DONE UNTIL DODIK SIGNS

18. (C) We recognize that, considering Dodik's negotiating

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tactics and obstructionism on this agreement, the transfer agreement on movable defense property will not be final until all three Prime Ministers sign it next week. We do not exclude the possibility that Dodik could again attempt to back out of the agreement and scuttle the deal. That said, securing RS government approval of the agreement without amendments is a breakthrough, and certainly limits Dodik's room for maneuver if he does again have a change of heart. At this point, Dodik would have to annul a RS government decision and repudiate written commitments to the Ambassador if he sought to block the agreement.

COMMENT CONT'D: MUST STAY FIRM WITH DODIK

18. (C) Securing RS government approval of this agreement provides insight into the manner in which Dodik operates generally. Dodik reneged on numerous commitments to accept the agreement and did not negotiate in good faith. Dodik's attempt to pass off the March 13 RS government decision as consistent with his commitment to us is just one example. Dodik sought to wear down NATO HQ and the US as he did with OHR during the October 19 measures political crisis and the EU over police reform. In response, we have found that on matters of key USG interest, such as defense reform, we must be forceful and unyielding with Dodik on principle and substance. On this issue in particular, which directly related to the maintenance of a safe and secure environment, the success of Bosnian defense reform and the integrity of the USG and NATO in Bosnia, it was imperative that we not backdown. We will know next week whether our approach has paid off. End Comment.
ENGLISH